

## **Expansion of Class I Public Library IC 36-12-5**

### **What Planning For A New Tax Rate Is Required?**

When an expansion of any kind occurs, a new library district is created and a property tax levy must be set. Those planning to enlarge a library district should draw up a plan for serving the new larger area, estimate a budget that provides reasonable support for the development of services and estimate the potential property tax levy needed to support the budget. Department of Local Government Finance calls the expansion an "annexation" for budget purposes.

### **How Is The Tax Rate For the Library District Set?**

An expanded library district operates with a single tax rate, as determined by the library board and certified by the county auditor. The Local Government Tax Control Board sets the maximum levy, based on the budget proposed by the library board. The levy, divided by the assessed valuation and multiplied by one hundred, yields the tax rate.



$$100 \times \frac{\text{Maximum Levy}}{\text{Assessed Valuation}} = \text{Tax Rate}$$

It should be remembered that the assessed valuation is now based on market value. Farm property may be assessed by a different method.

### **Timetable for Expanded (Annexation) Library District**

By March 1 of any calendar year, the library board must have obtained a signed resolution (preferably 3 original copies) from the township advisory board and trustee or the legislative body of the county stating that library service is desired from their township and they wish to combine their township with the existing public library district to form one new public library district. This resolution must also be filed with the county recorder by March 1 and immediately send one of the originals with the county recorder's signature to Indiana State Library, Library Development Office. File the remaining signed resolution in the library board's minute book.

If the resolution is filed by March 1, the public library will receive revenue collected by the County Treasurer during May of the following year to be distributed to the library June 30 that same following year. (i.e., the new library district formed by March 1, 2006 will see new tax revenues on June 30, 2007, taken from taxes collected May 10, 2007).

Within a few weeks following the March 1 deadline, the director of the public library district needs to notify Department of Local Government Finance of the expanded public library district.

The library board and director need to begin to establish a new budget, using Budget Forms 1 and 2, to reflect the anticipated expenses and income for the expanded public library district. The library board or director will probably meet with the Department of Local Government Finance Field Representative several times during this process.

Once the new budget is established, the library board is ready to proceed with the annual budgeting cycle with the deadline for the first advertisement of the budget no later than August 31, the second advertisement no later than September 7, the public hearing no later than September 10, the filing of an objection petition with the public library board of ten or more taxpayers no later than September 17, and the adoption of the new budget no later than September 20. All budget forms have to be filed with the County Auditor no later than September 22.

The library board also must file an "annexation excessive levy appeal", IC 6-1.1-18.5-13a-(2), with the Department of Local Government Finance, Indianapolis office, on or before September 19, IC 6-1.1-18.5-12b. The appeal allows a library to collect additional revenues to support the increased operating costs due to the annexation.

Also, the library must include ten (10) copies of the following information with the appeal application:

- (1) Ensuing year's maximum levy sheet
- (2) Ensuing year's budget proof of publication
- (3) Budget Form 1, Form 2 and Form 4B
- (4) Resolution from legislative body approving the expansion (annexation)
- (5) Resolution from the library board approving the filing of the excessive levy appeal

Members of the library board and director must appear before the Local Government Tax Control Board for a recommendation on the requested appeal.

The Commissioner of the Department of Local Government Finance will make the final determination regarding the appeal. The library will receive a written order in the mail of the Commissioner's decision.

Expansions occurring after March 1 of the current year are not included on this appeal, but would be eligible for consideration during the next year's normal budget cycle.

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